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ABSTRACT

This paper focuses on the administrative costs of vouchers programs. It considers the tasks that public and private agencies must undertake and estimates the administrative burdens and cash flow that local programs create. It assumes that all voucher programs, including those meant in part to reduce overcrowding, will be voluntary. The paper starts by identifying the administrative arrangements that must be made for any public voucher program and by outlining typical roles for state government, the local education agency, a special voucher program office, and individual private schools admitting voucher students. It also examines in detail some vital administrative functions that must be coordinated among these entities. The second section focuses on the person-power and financial demands that a voucher program is likely to impose on state government, the local education agency, the voucher program office, and private schools. The final section presents estimates of the probable gross and net annual dollar costs of voucher program administration as borne by state government and cooperating local school districts. All the cost estimates are approximate. (Author/WFA)

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September, 2003

ADMINISTRATIVE COSTS OF EDUCATION VOUCHER PROGRAMS

Though response to the *Zelman* case has not been as dramatic as possible, a number of states and localities are now considering creating voucher programs. A few localities have experience designing and implementing such programs,[1] but most will encounter challenging issues.

On the surface, the economics of most such programs look favorable. The face value of vouchers is typically less than the public schools' total per pupil expenditure, and the public school system does not have to maintain private school buildings. The public school system does, however, have to maintain its existing schools, and districts that lose a small proportion of their students to voucher programs are seldom able to reduce their central administrative overhead costs. There are, furthermore, some public costs of managing a voucher program. Voucher programs require public schools to transfer student records, re-allocate categorical program funding, arrange to test voucher students enrolled in private schools, re-structure public schools that had lost large numbers of students, prepare to accept disillusioned voucher students back into the public schools, and in some cases arrange student transportation to private schools.

This paper focuses on the administrative costs of voucher programs. It considers the tasks that public and private agencies must undertake, and estimates the administrative burdens and cash flows that local voucher programs create. It assumes that all voucher programs, including those meant in part to reduce overcrowding, will be voluntary, i.e. that no child can be assigned to attend a private school against its parents' will. It also assumes that public agencies will continue to care about the educational experiences and growth of voucher students, and will therefore want both to administer voucher programs in ways that let private schools do their best for students and to ensure that student outcomes are evaluated.

The paper starts by identifying the administrative arrangements that must be made for any public voucher program, and by outlining typical roles for state government, the local education agency,

a special local voucher program office, and individual private schools admitting voucher students. It also examines in detail some vital administrative functions that must be coordinated among these actors, i.e. providing accurate and complete student record information, understanding how families choose schools, and assessing student outcomes. The second major section focuses on the person-power and financial demands that a voucher program is likely to impose on state government, the local education agency, the voucher program office, and private schools. The final section estimates the probable gross and net annual dollar costs of voucher program administration, as borne by state government and cooperating local school districts. All the cost estimates are approximate: costs are highly sensitive to the design of the voucher program, existing local practices on providing services to children in private schools, and to the condition of local school district records.

A FRAMEWORK OF ACTIONS

Different voucher plans can assign administrative and financial burdens in many ways. Private school tuitions can be paid by private philanthropies, by the state, or by the state in conjunction with the local education agency (LEA). Similarly, private organizations can pay for student recruitment and student selection processes, or these can be assigned to the state education agency or the local school district.

No matter how these responsibilities are allocated, a number of functions must be performed for any voucher program. These include:

- Defining basic program goals and rules: what students may participate and what schools may they attend; if more students apply than there are spaces available how vouchers will be allocated
- Determining which private schools are eligible to accept voucher students
- Creating processes for recruitment and selection of voucher recipients
- Informing eligible parents of voucher opportunities
- Accepting family applications for vouchers and verifying applicant students' eligibility for vouchers
- Conducting lotteries or other methods of selecting among eligible voucher applicants
- Informing families whose children have been selected to receive vouchers about private school options
- Supervising the processes by which voucher recipients are admitted to private schools

- Arranging transfers of tuition funds and services promised to private schools -- in some cases including categorical program services and transportation
- Preparing public schools to lose some student enrollment and, in some cases, to re-admit voucher-using students who want to return to public schools
- Transferring student records to private schools
- Tracking students as they move among schools
- Assessing reasons for parent choice
- Assessing the impact of attending voucher schools on student outcomes

This analysis focuses on publicly-authorized voucher programs. It assumes a voucher program authorized by state law and funded from combinations of state and local public revenues. Table 1 displays the probable allocation of responsibilities for such a program, among the state government, local education agencies, a local office specially created to manage the voucher program, and the private schools that admit voucher program students.

TABLE 1: Probable Allocation Of Responsibilities For A State-Funded Voucher Program

	State Legislature, Department	Local Education Agency	Special Local Voucher Office	Private Schools
Define program	Primary	Secondary	Not involved	Secondary
Create recruitment process	Primary	Secondary	Primary	Secondary
Publicize eligibility rules	Secondary	Primary	Primary	Secondary
Qualify private schools	Secondary	Not involved	Primary	Primary
Accept applications	Not involved	Not involved	Primary	Not involved
Conduct lotteries	Secondary	Secondary	Primary	Not involved
Inform families on private options	Not involved	Secondary	Primary	Primary
Supervise family selection of schools	Not involved	Secondary	Primary	Secondary
Arrange funds transfers	Secondary	Primary	Secondary	Secondary
Prepare public schools for student turnover	Not involved	Primary	Secondary	Not involved
Transfer student records	Not involved	Primary	Primary	Secondary
Track Students	Not involved	Secondary	Primary	Secondary
Analyze family choice	Primary	Primary	Secondary	Secondary
Analyze achievement outcomes	Primary	Secondary	Primary	Secondary

Table 2 provides a finer-grained analysis of the duties of different organizations. It places heavy emphasis on a special local voucher office created to recruit parents and private schools, screen parents and private schools for program

TABLE 2: Duties Of Different Organizations

	State Legislature, Department	Local Education Agency	Special Local Voucher Office	Private Schools
Define program	Enact laws and regulations	Comment on draft laws and regulations	Not involved	Comment on draft laws and regulations
Create recruitment process	Define student eligibility, set up recruitment office	Advise on availability of student records	Develop application materials and selection process	Provide school information
Publicize eligibility rules	Fund local voucher office	Disseminate materials via schools	Conduct family outreach via materials, media, special forums	Disseminate materials via schools
Qualify private schools	Write law, regulations on school eligibility	No role	Solicit and check private schools' applications	Provide school description and data
Accept family applications	No role	No role	Provide "help sessions" for parents	Provide "help sessions" for parents
Conduct lotteries	Define student eligibility, lottery process	Verify students' prior public school enrollment	Design lotteries, computerize applications, run lotteries, inform winners, losers	No role
Inform families on private options	No role	Provide information centers in public schools	Provide written school profiles, parent information fares	Offer open houses, answer calls, present at information fares
Supervise family selection of schools	No role	No role	Collect family choice forms, inform schools of family choices, oversee school lotteries	Contact students who have chose the school, meet with parents, run lotteries when over-subscribed
Arrange funds transfers	Define state and LEA duties, transfer state funds	Transfer per-pupil, categorical, and transportation funds as required	Oversee funds transfers, help private schools get promised funds	Work with state, LEA, and local voucher office to claim funds transfers
Prepare public schools for student turnover	No role	Inform principals about voucher users from their schools	Provide accurate lottery and school selection data to school district	Provide data on student choices to local voucher office
Transfer student records	No role	Match voucher-users with district records, transfer records to local voucher office	Obtain student records from LEA, provide to schools	Inform local voucher office of needs for student records
Track Students	No role	Inform voucher office when students re-enroll in public schools	Report on student transfers from voucher schools	Inform local voucher office on voucher student transfers
Analyze family choice	Contract out for study	Help study group find voucher applicants now in public schools	Help study group find voucher applicants now in private schools	Provide venues for parent interviews
Analyze student outcomes	Contract out for study	Give contractor access to students for testing	Help contractor gain access to students	Give contractor access to students for testing

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eligibility,[1] conduct lotteries to select those students who will receive vouchers, help families choose among private schools and gain admission, and ensure that private schools receive the funds and services promised. Such a local office can be funded and operated publicly or privately. In a state-funded program (as in Cleveland) the local voucher office is likely to be created by the state education agency (SEA) and staffed by SEA employees or contractors.

In Cleveland, for example, the State Education Agency created a Cleveland voucher office, staffed by state civil servants and contractors, which publicized the program, sought and accepted parent applications, recruited schools willing to accept voucher students, conducted the voucher selection lottery, notified winners, verified the incomes of winning families to ensure that they were eligible, and arranged opportunities for parents to learn about private school options.[2]

Table 2 assumes that local districts and other actors will be interested in sharing accurate student record information for purposes as diverse as eligibility determination and assessment of program effectiveness. Table 2 also assumes that the state or other program sponsors will be interested in careful analysis of two issues: whether students using vouchers to attend private schools benefit educationally, and what family choices reveal about the causes of satisfaction and dissatisfaction with schools. The table outlines roles for all actors, including the public school system from whom voucher recipient are drawn, in making student outcome assessments possible. The following subsections treat those topics in greater detail.

Ensuring Accurate And Complete Student Record Information. Existing voucher programs have been targeted to low-income students and have been designed to avoid letting private schools hand-pick only the ablest of public school students. As the state laws establishing voucher programs in Cleveland and Milwaukee provided, student eligibility is defined by income and inner-city residence. Not wishing simply to subsidize tuition payments for children already attending public school, voucher plans typically favor children currently enrolled in public schools. Though voucher programs for students starting kindergarten inevitably accept some students whose

[1] Screening families and private schools for eligibility to participate in the program is more or less difficult depending on program rules. Programs that set precise family income limits require careful checking of student eligibility; programs that exclude religious schools also require more checking of school programs than do programs that allow students to attend any licensed private school.

[2] See Hill and Klein 1997 for a more complete description of the functions performed by the Cleveland Office.

parents would have otherwise paid private school tuition, voucher students entering first grade or any higher grade normally must be currently enrolled in public school.

Most voucher plans cast a wide net, inviting applications from all eligible families. In most cases, the numbers of eligible students exceed the numbers of slots available in private schools by factors of ten, thus necessitating lotteries to determine which children will actually be offered vouchers. Lotteries are seen both as the fairest way to allocate a scarce resource and the best way to prevent "skimming" by voucher program advocates or by private schools. In theory, a lottery also provides a comparable sample of non-selected students, which can be used as a control group in subsequent program evaluations (see the next section).

Voucher program recruitment and student selection must rely heavily on information provided by the local public school system. Only the public school system can verify that a student was previously enrolled in public school. (Most voucher program managers assume that the prospect of free tuition can lead some parents of private school children to make false claims about their children's current placement). Similarly, public school records are indispensable sources of information necessary to help the local voucher program office contact parents and distinguish between children with identical names. Finally, though the local voucher program office will need to create additional ways to verify parental income, records of student eligibility for free lunch or poverty-focused categorical programs is extremely valuable.

Unfortunately, many big city school districts have poor data systems. In Cleveland, the school district was initially able to link only approximately 10% of voucher applications with existing student records. That left the voucher office uncertain whether the low data match rate was due to widespread fraud and misrepresentation by parents, or to defects in the data system. After considerable effort, and too late for the voucher selection lottery, the Cleveland schools were able to find a much higher proportion of student records.

A voucher program is not the only activity hurt by poor records and major retrieval problems. Regular student testing programs, allocation of federal and state categorical funds, computation of school dropout rates, and timely transfer of information about students who change schools or graduate from elementary to middle or from middle to high school, are all affected. Many big city districts lack the data and retrieval capacity necessary to support these functions.

The beginning of a voucher program is not a good time for a public school system to discover that it cannot identify or describe its students. Local district leaders anticipating a possible voucher program should examine their own data systems and do everything possible to bring them up to date. Leaders of districts with hopelessly inadequate data systems should inform the state agency and ask for help before the details of a proposed voucher statute or court order are firmly established.

For the purposes of voucher program administration, every student currently enrolled in the public school system must have a unique identification number than can be readily linked to other information on the student: child's date and location of birth; mother's and father's name, social security number, and current address; a home and work address for at least one other adult contact; names of all local public schools attended by the student; notes on whether the student was promoted at the end of each school year; scores on all district wide achievement test taken by the student since first enrolling, and whether the student has received lunch or special categorical program services.

District officials need not share all these data with the local voucher program office. But they should stand ready to make a positive identification of every student claiming to attend a public school, and to verify claims made on voucher application forms about current school and grade, parent or guardian identify, and participation in poverty-oriented programs.

Assessing Student Outcomes. Creating the conditions necessary for valid student outcomes assessments presents major challenges to all parties. The one question everyone has about a voucher program is, "do the children learn?" For a voucher program to be considered successful, the answer must be, at a minimum, that children learn at least as much in voucher schools as in regular public schools.

Like so many questions in social science, the question about the effects of voucher programs on student learning assume the impossible: knowing how someone who has had a given experience would have performed if they had not had that experience. Faced with the impossibility of such an assessment, researchers try to compare people who have had the experience in question with a control group of others who have not had it but are similar in other ways.

Creating a proper control group for an assessment of a voucher program is especially difficult because program participants are self-selected. Parents who go out of their way to seek an educational alternative for their children are presumably different from parents who do not seek such alternatives. Because motivation matters in learning, a control composed of children whose parents had never sought vouchers would not be very credible. Even if control group children were otherwise perfectly matched with children who received vouchers, the group comparison would be ambiguous. Nobody could be sure whether any differences in outcomes were due to one group's experiences in the voucher program or to the differences in their parents' motivation and interest in education.[3]

This analysis demonstrates the inherent superiority of evaluations that compare outcomes for groups of children who have used vouchers with groups of children whose families sought vouchers but lost in the selection lottery. However, it has proven extremely difficult to implement such pure comparisons between voucher and lottery-loser non-voucher students. The comparison can be confounded if, for example:

> Some parents apply for vouchers hoping that their children can enroll in one of a small number of highly regarded schools. Though their children are offered vouchers, the schools to which they apply are oversubscribed, and their children lose out in the school's own admissions lottery. Rather than consider other private schools, these parents send their children back to public school. The loss of these children changes the size and composition of the voucher-receiving group, but there is no comparable attrition from the control group.
>
> Some parents submit voucher applications they know to be ineligible. When their children win voucher lotteries, these parents drop out of the voucher program rather than submitting proof of eligible income or residence. Because the lottery losers group still includes such families, two groups are not strictly comparable.
>
> Parents of some lottery-winning children are offered placements in scarce, highly-desirable public school programs. Parents of lottery losers do not get comparable offers. By withdrawing their children from the voucher program, these parents change the composition of the voucher-receiving group.
>
> Some lottery-losing parents come to like the idea of private education so much they decide to enroll their children in private schools even if that meant paying tuition. Thus, the control group of lottery losers includes some students who are attending private schools.

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[3] The widely publicized debate about evaluation of the Milwaukee voucher program has turned on the question of whether there was a randomly selected group of voucher "losers" that could be used as a control. See Peterson, Paul E., Jay P. Greene and Chad Noyes, School Choice in Milwaukee, *The Public Interest*, Fall 1996; also Witte, John F., Politics, Who Benefits from the Milwaukee Choice Program? in Richard Elmore, Bruce Fuller, and Gary Orfield, eds., *Who Chooses, Who Loses? Culture, Institutions, and the Unequal Effects of School Choice*. New York, Teachers College Press, 1996

> Some parents whose children are already in private schools try to get free tuition by falsely claiming on their voucher applications that their children attend public school. School district data files are so unreliable that these ineligible applications are not detected, and some children who were already in private schools are counted as voucher recipients.

All these things happened in one or both of two places, Cleveland and Milwaukee. Each of these events biases the voucher-non-voucher group comparisons in one direction or another. It is not hard to see why outcomes evaluations of those two voucher programs have been so difficult and controversial. In the case of Milwaukee, the widely-publicized dispute between researcher John Witte and Paul Peterson has focused on two technical questions. The first concerns the composition of the control group of non-selected voucher applicants -- Peterson asserts that it is imperfect but better than any alternative and Witte asserts that it is too different from the group of voucher recipients to support valid comparisons. The second concerns the validity of statistical methods used to compare voucher recipients with samples of Milwaukee students whose parents had not applied for vouchers, with Witte asserting that sophisticated statistical controls can make such a comparison possible, and Peterson asserting that such comparisons are biased against finding positive effects of vouchers. Careful checking of applications and successful matches with school system records could have eliminated some of the most contentious issues about outcomes assessment.

In addition to selecting proper control groups, evaluators must also collect comparable outcome data in private voucher schools and public schools. Student achievement test scores are indispensable, but additional measures, such as student attendance, dropout and transfer rates, course-taking and completion, and parent satisfaction indices can contribute to valid assessment. An excellent evaluation would also include comparisons of course content and coverage in private and public schools.

Because vouchers are controversial, policy makers and opinion leaders are not likely to accept private-public school comparisons unless they are based on identical measures, taken under highly similar conditions using unbiased instruments or judges. To the degree that public school officials want comparisons about the relative performance of students in public and voucher schools made validly, they must ensure that the schools cooperate fully with program evaluators.

Local school leaders can help evaluators meet many, though not all, of the requirements for valid and credible assessment. They can:

Assign staff or contractors to check school records and verify parents' claims about children's current school placement

Provide parents with documentary proof of their child's enrollment at a public school, if school records are defective[4]

Cooperate with evaluators as they develop standard measures of such school process indicators as student attendance, dropout and transfer rates, course-taking and completion, and parent satisfaction

Help evaluators obtain the records of former public school students now enrolled in private schools via the voucher program, and provide records, including past test scores of students selected for the control group.[5]

Cooperate with evaluators as they select a standard student achievement test to be administered to voucher and control group students.

Arrange for special testing of control group students, if the test selected is not the same as the district's regular achievement test.[6]

Ensure evaluators' access to school records and school personnel and help ensure high response rates on surveys.

Promptly report any voucher program student's return to a public school.

These requirements impose real administrative burdens, particularly in districts where voucher students are drawn from many different public schools. In such districts, officials must ensure that comparable and complete student records are available from all schools. Districts with excellent computerized student data bases will not find this difficult, but it will severely challenge most others. In addition, district officials must reach agreements about student testing times, instruments, and methods, and arrange good cooperation by public school principals and administrators.

Understanding Families' Choices. The experience of the Milwaukee and Cleveland voucher program shows that educators and researchers know little about parental choice processes. It

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[4]Because this approach is more prone to fraud, districts should check applications directly against school records if possible.

[5]Voucher programs established by state law or court order should establish school districts' legal authority to share these record with official evaluators. The legal status of evaluations of privately-funded voucher programs will be less clear. Districts should seek legal opinions about use of student records as early as possible -- while the voucher program and evaluation are still being designed.

[6]Some evaluators will insist on using a test that is not routinely given in either the public or private schools. This is based on the observation that average test scores rise dramatically over time if the same form of test is used by a school district for several years. Scores often fall sharply when districts change from one test to another that supposedly measures the same skills. Evaluators fear that using a test that is familiar to one group of schools and new to another group biases the results in favor of the former. Thus, most will insist that tests used in a voucher program evaluation will not be the same as those currently used by either private or public schools.

was expected that virtually all families offered vouchers would accept them and enroll their children in private schools. It was also expected that public school children who lost in the voucher lottery would simply return to public school. Neither of those expectations was borne out by the facts.

When parents get the chance to apply for a voucher, they apparently consider many things, e.g. how unhappy they are with their child's current placement, and what options they think are available in private schools, and what opportunities the possession of a voucher creates for bargaining about public school placements. Parents who have not had choices in the past typically start with little information about school options, but many develop information sources quickly. As John Witte has observed, once low income parents have choices they develop the same sorts of informal networks and rules of thumb used by wealthier placements who can choose between public and private and among private schools.

As with more privileged parents, low-income parents may not decide on the basis of the finer points of instructional strategy. But they do care about school climate and reputation, and many choose on the basis of convenience (and who is to say that ready access to a parent's home or work is not an important factor in overall quality of a child's education?) Cleveland parents of voucher-winning children also clearly preferred well-established Catholic schools over new schools or schools run by less prominent religious groups. In many cases, parents whose children were not admitted to the best-known private schools rejected all other private options and returned to public schools.

How will parents' preferences and information search capabilities evolve as they become accustomed to having choices? Is there some public interest in supplementing the information naturally available to low income parents? How can parents' choices inform efforts to improve public school offerings? Voucher programs create excellent opportunities to answer these questions.

Answering these questions will require formal studies that use information about three groups of parents: those who have used vouchers to enroll their children in private schools; those who were offered vouchers but turned them down; and those who enrolled their children in private schools but returned to public school. If possible, the district central office, not the individual public

schools, should provide address and contact telephone numbers for the latter two groups of parents.

VOUCHER PROGRAM ADMINISTRATIVE DEMANDS AND COSTS

What commitments to administrative staffing and support must different actors make to the management of a voucher program? The estimates in Table 3 are based on the experiences of existing voucher programs. Estimates are for person-power and facilities only. On the assumption that administrative preparations must be made at least a calendar year before the first voucher-using students enroll in private schools, Table 3 makes a special administrative estimate for the pre-enrollment year. It also makes separate estimates for the first full year in which voucher students are enrolled in private schools, and for subsequent years. Once start-up work is done, the administrative demands on the state department of education local voucher office, and individual private schools, are likely to decline. Table 3 incorporates all these assumptions.

TABLE 3: Voucher Program Staffing And Leasing Requirements

	Pre-enrollment year	First full year	Continuation years
State Department of Education	1 FTE to write regulations and establishing local voucher office. 1/2 FTE to hire contractors for choice and student outcomes studies. Buy furniture and computers, and lease 2500 sq. ft. for local voucher office.	1.25 FTE for oversight of local voucher office, transferring state funds to private schools, and supervising study contractors. Lease 2500 sq. ft. for local voucher office.	1 FTE for oversight of local voucher office, transferring state funds to private schools, and supervision of study contractors. Lease 2500 sq. ft. for local voucher office.
Local Voucher Office	4 FTEs to inform families, qualify private schools, take family applications, conduct lottery, and broker school selection process	4 FTEs to inform families, qualify private schools, take family applications, conduct lottery, broker school selection process, act as "fixer" on funds transfers, and ensure public and private schools' cooperation with study contractors.	3 FTEs to inform families, qualify private schools, take family applications, conduct lottery, broker school selection process, act as "fixer" on funds transfers, and ensure public and private schools' cooperation with study contractors.
Local Education Agency	1 FTE to find voucher applicants' student records, verify application information, inform public schools, and plan funds transfers	1.3 FTE to find voucher applicants' student records, verify application information, inform public schools, help study contractors gain access to schools, and make funds transfers	1.3 FTE to find voucher applicants' student records, verify application information, inform public schools, help study contractors gain access to schools, and make funds transfers
Individual Private Schools	0.3 FTE for providing school information, arranging parent tours, and interviewing applicants	0.4 FTE for providing school information, arranging parent tours, interviewing applicants, and assisting study contractors	0.3 FTE for providing school information, arranging parent tours, interviewing applicants, and assisting study contractors

BURDENS ON PUBLIC SCHOOL SYSTEM LEADERS

Administrative burdens are real, but their magnitude depends powerfully on the amount of administrative good will and foresight employed. If nobody makes or enforces decisions, and if every issue must be revisited repeatedly, costs for all parties can be enormous. [7]

[7]For an account of the excess administrative costs imposed on public school administrators and new school providers alike as a result of lack of clear decision-making and follow through, see Darling-Hammond, Linda, Jacqueline Ancess, Kemly MacGregor, and David Zuckerman, The Coalition Campus Project: Inching Toward Systemic Reform in New York City. Unpublished Manuscript, Columbia Teachers' College, 1994.

Implementation requirements will differ in detail from one voucher program to another. Public voucher programs will be administered by state agencies or joint public-private task forces, which will provide program information and application packets, accept and verify family applications, conduct admissions lotteries, and construct lists of private schools eligible to admit voucher students. However, all voucher plans are likely to require local public school officials provide information that they alone have, and to exercise leadership to ensure that school staff and subordinate administrators cooperate fully with the voucher program. School system leaders need to:

- Provide accurate and complete student record information for use both by the agencies running voucher lotteries and for private schools in which students enroll.
- Exercise leadership toward ensuring that families of children who are eligible for vouchers fully understand the selection process and the schooling options they have
- Exercise leadership toward ensuring that eligible families feel free to seek vouchers.
- Avoid making special deals on public school instructional placements to discourage families from pursuing vouchers
- Provide services required by state law to former public school students using vouchers to attend private schools

Providing Student Records. Local school systems' difficulties making student record data available to the voucher program will vary, depending on the current condition of the district's data system. Districts with well-maintained computerized student record systems will experience only slight marginal increases in cost. Districts that have neglected their data systems will either be unable to fulfill their responsibilities or experience major costs. Whether these costs should be attributed to the voucher program is not obvious. Neglect of data systems is analogous to neglect of school buildings and other functions: the costs have to be paid some time. District officials who do not think their data systems can provide the kinds of information discussed above should make this fact clear as early as possible, while the voucher program is being formulated.

Regardless of how a voucher program affects school system dollar outlays, it is clear that it will impose demands on the time of senior district administrators. The superintendent, with approval of the school board, should delegate senior administrators who understand the district's data and testing system and have the authority to make binding commitments to:

Review and make public the status of their data systems

Seek general counsel opinions on ways legally to check voucher applications against district records, transfer student records to private schools, and make student records available to program evaluators

Work closely with state or private program sponsors to resolve legal issues concerning student records

Collaborate closely with managers of the state or private organization administering the voucher program, to arrange efficient access to student records for use in the voucher lottery

Prepare to transfer student records to private schools

Meet with voucher program managers and private school representatives about student achievement test selection and timing of testing and other data collection in the schools

Meet with private school officials about student transportation arrangements, is such are required by law or district policy

Conduct orientation meetings with principals and teacher leaders in the public schools from which voucher students might be drawn, to explain the district's policies of full cooperation with the voucher program and schedule parent information sessions

After the voucher lottery is conducted, meet with principals of the affected public schools to arrange schedules for testing and other data collection required for program evaluation

Repeat these meetings and consultations annually as the voucher program evolves.

Making Sure Families Know About Vouchers. Most voucher plans seek to create alternatives for the children now most at risk: low-income, minority, and children of non-English speaking parents. The families of these children are often those who know least about the educational options available to them in the public school system and least likely to learn about options from the newspapers or other mass media. Though frequent residential moves can also limit these families' connection with the schools their children attend, the school is often the only institution to which they are reliably connected. Many parents of voucher-eligible children can learn about their options only from the from public schools

Parents need timely and complete information about whether their children are eligible for vouchers and how to apply, and about the private schools in which they might use vouchers. It is also in the interest of the public schools to ensure that parents know about their options within the public school system.

The local voucher office, not the public school system, will be responsible to prepare brochures on voucher program eligibility rules, application packets, and descriptions of private schools in which vouchers can be used. However, public school systems can expect to send information packets home with children, provide space for small libraries of voucher program information that parents can visit at their child's public school, and, in some cases, to provide space for evening meetings in which parents can meet with and question voucher program administrators.

Public school officials might not be obligated to provide venues at which representatives of private schools can describe their programs and meet with parents. However, providing such cooperation can give public school officials an opportunity to present information about public school plans and offerings. It can also communicate the public school system's predominant interest in the welfare of children and in interest in making sure all families know about all their choices.

Timely publicity about a voucher program is essential, but public school officials cannot disseminate information until voucher program administrators provide it. Because many voucher agencies are new and inexperienced, they might not provide information until it is urgently needed -- normally late in fall of the academic year before students can first use vouchers to enroll in private schools. Local public school officials would be wise to reserve times and spaces for information sessions in at every public school in mid-December and early January of the school year before the first voucher students enroll.

Avoiding Discouragement of Potential Voucher Users. Many teachers and other dedicated supporters of public education are offended by the negative tone of some voucher proponents' criticism. In some voucher program cities, public school teachers and principals have criticized departing parents, urged other parents to confront them, and made vivid claims about the effects of lost enrollment on the quality of schools for those left behind.

District officials cannot absolutely prevent such actions, but they can establish clear expectations. They can also emphasize the district's long term interest in proper administration and fair assessment of the voucher program. For example, it can be in the district's interest to ensure that as many eligible children apply for vouchers as possible. The reason is simple: if all eligible families apply, the group of students selected by lottery to receive vouchers is likely to resemble a cross-section of the district's low-income students. If only a small proportion of eligible families apply, the students selected are likely to be from those families that most aggressively seek educational

options for their children. A school district that depresses voucher applications by putting pressure on parents can therefore cause problems for itself in two ways: it can guarantee that departing families are disproportionately those who care most about education; and it can create a demographic advantage for the private schools that might later show up in test score differences. A school district that encourages the broadest possible group of families to apply for vouchers is likely to lose *fewer* students from families committed to education, and to benefit from *fairer* comparisons with students who choose private schools. Subsequent sections will discuss evaluation issues in detail.

Avoiding Special Offers to Voucher Eligible Families. Public school staffs are loath to part with students, especially those whose parents display serious interest in education. In normal times school staff members often feel they cannot grant all the requests these families make. But in extraordinarily times, especially when a voucher program gives families new choices, school staffs can feel compelled to bargain with those most likely to depart, promising access to programs or preferred teachers that were previously considered unavailable.

No one knows exactly how common the phenomenon of counter-bidding is. In Cleveland, many parents who had entered the voucher lottery ultimately turned down private school placements because they had learned of attractive new options for their children in the public schools.[8]

In dealing with potential voucher users, school officials must walk a fine line. School officials are supposed to work to improve schools and meet students' needs. School systems should not delay planned reforms or investments just to maintain a stable basis of comparison for voucher evaluations. But they are not justified in creating new options only for potential voucher users, or offering placements to which students would not have been admitted absent vouchers.

Providing Services to Voucher-Using Students. Many students leaving public school systems will retain some claims on services from the public school system. Because voucher plans are typically intended for the lowest-income students, many voucher-users will be eligible for services under the federal Title I program. Some state compensatory education programs also require benefits to "follow the child" into private schools.

[8] See Hill and Klein, p. 8.

Other service requirements depend on the exact provisions of the law or court order establishing the voucher program. The Ohio state law that established the Cleveland voucher program required the school district to arrange transportation for voucher students and to provide special education services to voucher-using students who would have received such services in public school. Some local districts may also decide to provide health-related services in some private schools.

Some of the requirements for services to voucher program students will impose significant new burdens on public school systems and others will not. Requirement to provide Title I and special education services will not noticeably increase the overall caseload for those programs, since the students involved would have received similar services in public school. Providing special education services to voucher students could pose wholly new logistical challenges, but providing Title I services should not, since most city public school systems already provide Title I services to eligible students attending private schools.

Student transportation is the real wild card. Where the state voucher law does not require student transportation for voucher-using students, or where the district already provides transportation for private school students, no major changes in services will be necessary. Under plans like Cleveland's, however, local school officials will need to create new bus routes or purchase transportation from private providers. These costs will depend on local geography and on administrative ingenuity finding inexpensive approaches.

DOLLAR EXPENDITURES

The next two tables estimate costs two ways: first, gross costs imposed by the voucher program, *not* considering any offsetting expenditure reductions. Thus, for example, Table 4 counts all dollars that state and local agencies pay into vouchers as costs, and does not consider any reductions in expenditure that will occur when public schools serve fewer students. Table 5, however, estimates net costs: total expenditures for the voucher program minus offsetting reductions in other expenditures.

The administrative burden estimates in Table 4 estimates assume reasonable administrative efficiency and follow-through. They also assume a voucher program roughly the size of Cleveland's (2000 students) but assumes that vouchers are worth an average of $4,000

(somewhat more than the value of vouchers in Cleveland and Milwaukee). The table assumes that every voucher student will receive services worth $500 from some categorical program -- compensatory, special, or bilingual education. Student transportation costs mirror Cleveland's experience, averaging $600 per student. State and local administrators can readily compute their own gross costs using the average value of a voucher under their local program, the proportion of voucher students likely to be eligible for categorical program services, and the average per pupil value of those services.

These estimates all depend on local conditions. When a voucher program operates in an under-enrolled system, loss of students can exacerbate mismatches between administrative overhead and student population. However, when vouchers are used to relieve public school overcrowding, they neither force schools to operate below capacity nor create an undesirable imbalance between central office administration and school enrollment. Under those circumstances vouchers can save the local public school system the added cost of building new schools, leasing portable classrooms, hiring additional teachers and specialists, etc.

The estimate of study costs assumes that all schools accepting voucher students will use student tests that are identical or comparable with the district's tests, and that the costs of test administration will be borne by the schools. It also assumes that a control group of public school students can be selected analytically from the district's student test records. Study costs listed in Tables 4 and 5 are therefore the costs of a contract for gathering and analyzing data. Study contract costs could increase by as much as 25% if the contractor must administer special tests to all voucher students and arrange to test a specially selected control group of public school students.

TABLE 4: Probable Gross Annual Costs Of A Voucher Program

	Local Voucher Office Expenses	Cash Value of Vouchers	Categorical Program Services	Student Transportation	Study Contracts
State	$400,000	$5,000,000	$750,000		$250,000
LEA		$3,000,000	$250,000	$1,200,000	
Total	**$400,000**	**$8,000,000**	**$1,000,000**	**$1,200,000**	**$250,000**

As Table 5 shows, probable net costs are much lower, since payments for tuition, categorical program services, and student transportation are offset by reductions in spending on students in public schools. The table assumes that 75% of the gross costs for categorical program services and transportation are offset by reductions in public school expenditures. Again, these estimates assume efficient district administration, Districts that made no effort to re-allocate their existing buses or categorical program resources would find their net costs higher than those in Table 5.

One cost factor that is difficult to predict is the number of student who receive vouchers but whose parents would otherwise have paid private school tuition. These numbers can be held down by a requirement that all family applications for vouchers include proof that the student attended public school in the previous year. These provisions can be hard to enforce, however, when school system student records are unreliable. Furthermore, programs that, like Cleveland's, allow students to receive vouchers for kindergarten inevitably include some students who would never have attended public school. Table 5 makes a bad-case assumption, that 1 in 4 students using vouchers come from this group.

TABLE 5: Probable Net Annual Costs Of A Voucher Program

	Local Voucher Office Expenses	Cash Value of Vouchers	Categorical Program Services	Student Transportation	Study Contracts
State	$400,000	$1,250,000	$188,000		$250,000
LEA		$750,000	$62,000	$300,000	
Total	**$400,000**	**$2,000,000**	**$250,000**	**$300,000**	**$250,000**

Costs to Private Schools. Private schools eligible to admit voucher students will presumably understand their own marginal costs and participate only if they have vacancies and the value of the voucher equals or exceeds those costs. Some private schools might also make one-time investments in new classrooms or equipment to allow them to serve additional students. Such investments are possible only if the voucher is substantially above the private school's per-pupil cost, or if additional charitable funds become available. Studies of newly-formed voucher programs in Dayton, Ohio and in parts of San Antonio, Texas should provide some evidence on growth in the supply of private schools in response to vouchers.

Whether participating in a voucher program remains a "break-even" proposition for private schools depends on the growth of reporting requirements and constraints on schools' freedom of action. If private schools' experience is like that of charter schools, their reporting and compliance burdens will increase over time.[9] Some voucher opponents have proposed that participating voucher schools be required to report all their expenditures as public expenditures and conduct their Board meetings under public Open Meetings requirements. Such requirements will increase private schools' cost of doing business and might discourage many from participating in voucher programs.

CONCLUSION

Voucher programs force changes in the ways all actors, including private schools, do business. Costs borne by the state and the local voucher office are determined by the value of the voucher and the structure of the program, though thoughtful planning can surely limit inefficiencies. Costs and burdens are much more variable at the district level. Districts that accept the challenge of re-thinking their administrative structures to minimize the net costs of a voucher program will almost certainly experience lower costs than estimated above. Districts that treat every voucher-related expense as an add-on will experience costs more like those in Table 5.

The differences between high- and low- cost districts are matters of mind set and prior preparation. Districts that are already trying to rationalize central district administration -- by locating budget and spending decisions at the school level, creating equal real-dollar per-pupil expenditures, or funding central administrative services via voluntary fees paid by schools -- can accommodate reasonably easily to the demands of a voucher program.[10] Districts that are not making such administrative changes, and prefer to regard a voucher program as a short-term imposition on business as usual -- will find the costs of voucher administration very high.

Costs will, in addition, depend on the current state of district student records.
For districts that have not fully computerized their student records, whose records are out of date or full of errors, and are now unable to follow students as they transfer among schools, the

[9] See, for example, Hill, Paul T., The Supply Side of Choice, Paper prepared for the Conference on Choice and Public Policy, Boalt Hall Law School, Berkeley Ca, April 13-14, 1998

[10] For analyses of possible flexible use of existing public education funds see Odden, Allan, *How to Rethink School Budgets to Support School Transformation*, Arlington VA, New American Schools, 1997; and Odden, Allan, Raising Performance Levels without Increasing Funding. *School Business Affairs*, v63 n6 p4-12 Jun 1997. See also Bryk, Anthony S. Dorothy Shipps, Paul T. Hill, and Robin Lake, *Decentralization in Practice: Toward a System of Schools*. Chicago, The Chicago Consortium on School Research, 1998.

costs of cooperating with voucher programs can be very high. Whether these costs will be attributed to the voucher program, or regarded as a normal and necessary restoration of district management, depends on the mind-set of district leadership.

APPENDIX 1: DESCRIPTIONS OF THE CLEVELAND AND MILWAUKEE VOUCHER PROGRAMS

CLEVELAND

In March 1995 the Ohio General Assembly enacted a Pilot Project Scholarship Program intended to provide a limited number of vouchers to allow Cleveland public school students to attend "alternative schools," i.e. private schools (including schools operated by religious organizations) within the Cleveland city limits and public schools in surrounding suburban school districts.[11] Vouchers were to be available for the first time during the 1996-1997 school year, for Cleveland students entering kindergarten through third grade. Though the program was primarily intended to benefit children previously attending public schools, the statute allowed up to 50% of recipients to be children already attending private schools.

Voucher winners were to be chosen by lottery. Lottery winners then applied to a private school that had agreed to accept voucher students. Admissions to private schools were also governed by the statute. Schools agreeing to admit voucher students were allowed to give first priority to current students and their siblings. Voucher applicants were then to be admitted by lottery until they made up 20% of all the students in grades K-3. For schools with very large numbers of vacancies, including new schools that have no slots filled by current students and few applicants other than voucher recipients, the proportion of voucher students enrolled could rise as high as 100%.

The maximum value of a voucher for a student enrolling in a private school was to be $2,500, less 10% for a child whose family income was less than 200% of the federally-established poverty line, or less 25% for a child whose family income was more than twice the poverty line. Private schools with posted tuition rates less than $2,500 could not raise their rates for voucher students. Families were required to make arrangements for the tuition amounts not paid by the state (up to $250 in the case of those whose incomes were below twice the poverty line and up to $625 for those whose incomes exceeded twice the poverty line). Parents could work in the schools to make up the difference. Schools could also waive the remaining tuition.

[11] Because no suburban public school districts agreed to take voucher students, vouchers were used only for private schools located in the city of Cleveland.

Children eligible for special education could participate in the program, and the Cleveland public schools would continue to pay the excess cost of special services allocated to cover those children's individualized education plans.

Once admitted to the voucher program, students could continue receiving assistance through grade eight, provided the state legislature appropriated the necessary funds. The cost of the vouchers was to be borne by the state, but out of special program funds, some of which might otherwise have gone to the Cleveland Public Schools. In the first year of the program, Cleveland public schools lost no money because students who transferred to alternative schools were still included in Cleveland's count of average daily school membership. The state also reimbursed the Cleveland public schools for the cost of transporting voucher program students to the alternative schools. In subsequent years, however, voucher students would not be included in Cleveland's funding base.

In the late summer of 1995, the Ohio Department of Education established a Cleveland Scholarship and Tutoring Office, which was responsible for receiving family scholarship applications, registering local private and suburban schools willing to accept voucher students, verifying students' family incomes and eligibility for the program, managing the admissions lottery required by law, and arranging student admissions and tuition payments.[12] The state education agency's Cleveland Office solicited applications from parents and potential alternative schools, conducted a lottery as required by the statute, and arranged for the first group of voucher students to enter alternative schools in September, 1996.

For the 1996-1997 school year, parents applied on behalf of 6,246 children for slots in private schools. Since school tuition varied between $900 and $2,500, it was not known in advance how many vouchers would be created under the program. As it turned out, 1,800 vouchers were awarded at an average tuition cost of $1,800.

The state education agency's Cleveland Scholarship Office conducted a lottery in January, 1996. A total of 1125 low income public school students (790 African American) and 375 low income private school students (not divided by race) were drawn, plus a waiting list of 285 students drawn in the same proportions. Families of the low income students drawn in the lottery were

[12] The law required the state to make out tuition checks in the names of the recipient children's parents. To ensure that these checks were used for tuition and not general family income, checks were sent to the schools and endorsed over to the school by parents.

offered the opportunity to arrange private school placements. These families were asked to visit the state's Cleveland Office to verify income and those that did were given their choice among the available private school slots. All other applicants were given lottery numbers and placed on secondary waiting lists.

The state education agency's Cleveland Office was able to fill 1801 slots from an original applicant list of 6,246. A total of 1,600 were excluded from the lottery because of income above 200% of poverty, and an unknown number of additional applicants might have been ineligible, because they failed to provide information about family income.

By late October, 1996 some 1801 voucher recipients were enrolled in a total of 51 private elementary schools, 35 Catholic and all but 4 of the others affiliated with religious denominations. Two new private schools, both non-sectarian, were created in response to the voucher program. One of the new schools had the highest enrollment of voucher students, 258. Of the religious schools, the one enrolling the most students was a Christian school with 141 voucher recipients. Eight schools enrolled less than ten voucher students. Kindergarten students accounted for 635 of the total; there were also 441 first graders, 404 second graders, and 321 third graders.

MILWAUKEE

(This material is adapted from materials provided by John Witte of the University of Wisconsin).

The Milwaukee voucher program was established by Wisconsin state law in 1990. Under the program, private schools receive public funds equivalent to the Milwaukee Public School (MPS) per-member state aid ($2,987 in 1993-94) in lieu of tuition and fees from the student. Students must come from MPS district families with incomes not exceeding 1.75 times the national poverty line and must not have attended a private school in the prior year. The total number of choice students in any year until 1994 was limited to 1% of the MPS membership (968 in 1993-94).

From 1990 to 1993 private schools had to limit choice students to 49% of their total enrollment. Starting in the 1994-95 school year, the limit on choice students in any school was raised from 49% to 65%; the total number of students in the program can equal 1.5% of the MPS membership. Schools cannot discriminate on admission, and if a school is is oversubscribed in a grade, pupils are selected on a random basis. In situations in which one child from a family is admitted to the program, a sibling is exempt from random selection.

Enrollment in the choice program increased from 341 in September 1990 to 742 in September 1993. The number of applicants exceeded the number of students enrolled in every year. The number of schools participating has increased from seven in 1990-91 to twelve in 1993-94.

The biggest limitation on the program is the number of seats available in participating schools. Eligible schools must be private, nonsectarian schools with no religious affiliation or training. Schools cannot discriminate in selection based on race, religion, gender, prior achievement, or students' prior behavioral records. Schools were exempted by court ruling from the Education for All Handicapped Children Act.

If a school is oversubscribed, it must elect students on a random basis. Choice students may only be 65% of the school. Schools must meet at least one standard established for attendance, parental involvement, student achievement on standardized tests, or grade progress.

The choice program was targeted to provide an opportunity for relatively poor families to attend private schools. Over the first three years the program clearly accomplished this goal. The average income of choice families over the first three years was $11,625, with 59% reporting incomes below $10,000. This compares to a maximum allowable income for eligibility of approximately $22,000 for the average family of three.

Over the first three years, 59% of the choice mothers reported being on AFDC or general assistance, compared with 39% of mothers of MPS students. African-American students comprised 76.3% of those applying to choice schools; Hispanics, 17.9%. Choice families were much more likely to be headed by a single parent (77%) than the average MPS family (49%) and somewhat more likely than the low-income MPS family (64%).

Choice families tend to have fewer children than low-income MPS families. Despite similar economic status, choice parents also reported higher education levels than low-income MPS parents.

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[1] The Brookings Institution will publish a national commission report on choice, in late 2004. See *School Choice: Doing it the Right Way makes a Difference, Report of the National Working Commission on School Choice*, Washington, Brookings Press, 2003.

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